

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7908

BILL NUMBER: SB 611

NOTE PREPARED: Mar 30, 2005

BILL AMENDED: Mar 29, 2005

SUBJECT: Sheriff Deferred Retirement Option Plan.

FIRST AUTHOR: Sen. Harrison

FIRST SPONSOR: Rep. Buell

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill: (1) establishes certain requirements for a Deferred Retirement Option Plan (DROP) adopted as part of a sheriff's department's retirement plan; and (2) removes language that terminates the monthly pension for a plan participant's surviving spouse who remarries.

Effective Date: July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Part (1)*, IC 36-8-10-12.2(l) as added by this proposal, requires the DROP to be actuarially cost neutral. As a result, this proposal will have no fiscal impact on a county's retirement plan.

Part (2): This part will add costs to those plans which terminate the monthly pension for a plan participant's surviving spouse who remarries. The specific impact will depend upon each plan. As of CY 2004, 89 counties had their own plans, two counties participated in PERF, and one county provided no pension benefits to its sheriff's department.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: County police departments who opt to provide a DROP for their members.

Information Sources: Doug Todd of McCready & Keane, Inc., actuaries for many county police plans, 317 576-1508.

Fiscal Analyst: James Sperlik, 317-232-9866.

DEFINITIONS

Actuarial Cost - A cost is characterized as actuarial if it is derived through the use of present values. An actuarial cost often is used to associate the costs of benefits under a retirement system with the approximate time the benefits will be earned.